

LOUDOUN COUNTY TRANSIENT OCCUPANCY TAX INCREMENT FUNDING POLICY

I. Funding Guidelines

1. Requests for funding must meet the purposes set out for the Transient Occupancy Tax Increment as stated in Section 58.1-3819 of the Code of Virginia (1950), as amended, which is, “The revenues collected from that portion of the tax over 2 percent shall be designated and spent for promoting tourism, travel or business that generates tourism or travel in the locality.” While it is recognized that this is a broad criteria, it will be incumbent on the entity requesting the funds to show how they meet this requirement.
2. A maximum of 25 percent of the restricted transient occupancy tax revenues are to be set aside on an annual basis. This set aside will be used as a Tourism Opportunity Fund by the Board of Supervisors to fund County Agency requests and unanticipated items which might arise during a given budget year. Such items must still meet the State Code requirements, in terms of the purpose of the funding and should be evaluated based on the criteria established below. Any unallocated funds in the reserve account will be carried over to the following budget year. The remaining 75 percent of the restricted transient occupancy tax revenues will be used for the Loudoun Convention and Visitors Association (LCVA) and the grants funds process for non-profit groups.
3. Priorities of funding for the revenues generated by the Transient Occupancy Tax Increment will be as follows:
 - a. Tourism Opportunity Fund (25 percent of restricted transient occupancy tax revenue).
 - b. Loudoun Convention and Visitors Association (as long as the Loudoun Convention and Visitors Association remains as the primary programmatic element of Loudoun County’s travel and tourism promotion, this entity should be given funding priority).
 - c. Funding requests which would result in an ability by the requesting organization to leverage such funds so as to maximize available assets.
 - d. Established programs that on a continuing basis have demonstrated an ability to meet the objectives of the Transient Occupancy Tax Revenue Increment.
 - e. Special one-time events or programs that meet the funding criteria and which make an effort to have an impact on adding value to the County’s tourism.
 - f. All other requests meeting the funding criteria

4. Requests for funding will be evaluated based on the following criteria:
 - a. Priority will be given to programs that directly impact the tourism and travel industry of Loudoun County.
 - b. Projects will be evaluated on the projected positive impact that they will have in terms of promoting tourism and travel. Those projects making an effort to partner with hotels and/or B&Bs and attract overnight visitors during periods of need will have higher priority.
 - c. Proposed uses should be compatible with the programmatic elements of the Loudoun County Tourism and Travel Marketing and Strategic Plans, as promulgated by the LCVA.
 - d. Priority will also be given to those uses attracting out-of-county and out-of-state travelers.
 - e. Those uses which demonstrate and which have a history of leveraging funds will be given a higher priority than those that do not.
 - f. Projects that have proven results will be given priority over special one-time funding requests.
 - g. New or expanded programs will be evaluated based on their potential positive impact in terms of tourism and travel within the County.
 - h. Requests for funding should include a plan on how the effectiveness of the proposed program will be judged.
 - i. State Code Section 15.1-24 prohibits local governments from making contributions to certain categories of organizations, such as churches.
5. Restricted transient occupancy tax funds available for the applicable fiscal year grants process shall be the projected revenue collections for the four quarters of the applicable fiscal year. If the actual revenue is ever less than the projected revenue for the applicable fiscal year, any reserve funds available will be used to cover the shortfall. Unallocated funds will be reserved for future grants process funding.

II. Application Procedures

1. Tourism Opportunity Fund Requests
 - a. Special funding requests received during the fiscal year
 - i. Requests are submitted to the Loudoun County Department of Management Services Budget Division by the applicant group.
 - ii. When funds are available for distribution, eligible requests will be presented to the Finance/Government Services Committee, then to the full Board of Supervisors for review.
 - b. County Department requests
 - i. Department submits its restricted transient occupancy tax funding request as part of the annual budget process.
 - ii. County administrator determines the amount of restricted transient occupancy tax funding to include for each department in the Proposed Budget.
 - iii. Board of Supervisors reviews the Proposed Budget and makes decisions for the Adopted Budget.
2. Loudoun Convention and Visitors Association
 - a. The Loudoun Convention and Visitors Association (LCVA) shall request funding by completing the Transient Occupancy Tax Funding Application Form and submitting their request to the Budget Division in care of the Department of Management Services by October 1. The LCVA must submit 25 copies of their application.
 - b. The Department of Management Services will receive and review the LCVA's application for completeness. The complete application will be forwarded to the Economic Development Commission (EDC) for review.
 - c. After reviewing the LCVA's application in January, the EDC will forward same to the Board of Supervisor's Finance /Government Services Committee in February.
3. Grants Funding Process
 - a. The County will announce the availability of Transient Occupancy Tax Increment Revenue Funds through a news release and letters to previous funding recipients.
 - b. Community groups or organizations shall request funding by completing the Transient Occupancy Tax Funding Application Form. However, such

groups and organizations are encouraged to include additional material with their request that specifically addresses the funding proposal evaluation criteria listed above. All requests should be submitted to the Budget Division in the Department of Management Services. Each applicant must submit 25 copies of their application.

- c. The Department of Management Services will receive and review all applications for completeness. Incomplete or improperly prepared applications will be returned to applicants. Each application must provide proof of their tax-exempt status (non-profit) as determined by the Internal Revenue Service at the time of application to be eligible for funding consideration. Complete applications will be forwarded as a package to the Loudoun Convention and Visitors Association.
- d. The Loudoun Convention and Visitors Association will review all applications. The Loudoun Convention and Visitors Association will develop a list of recommendations as to those applicants who should receive funds and to what level. Such recommendations shall be listed in priority. The Loudoun Convention and Visitors Association will provide reasons in writing why applicants are not being recommended for funding or only partial funding.
- e. The Loudoun Convention and Visitors Association will forward their recommendation to the EDC for review.
- f. After reviewing the Loudoun Convention and Visitors Association's recommendations, the EDC will forward same to the Board of Supervisor's Finance/Government Services Committee.

III. Process and Budget Schedule

- 1. Applications for funding will be collated by the Department of Management Services staff. Copies of all such funding requests will be provided to the Loudoun Convention and Visitors Association. Based on the evaluation criteria, the Loudoun Convention and Visitors Association will analyze and prioritize their recommendations and return same to the Economic Development Commission. The Economic Development Commission shall review the Loudoun Convention and Visitors Association's recommendations and forward same to the Board's Finance/Government Services Committee with any comments it feels are necessary. The Finance/Government Services Committee will review the recommended appropriations and forward their final recommendations to the full Board for action.

2. The process and time frame for considering TOT funding requests will be as follows:
 - a. Requests submitted to the EDC in care of the Department of Management Services. Application due date will be determined each year.
 - b. Loudoun Convention and Visitors Association reviews and makes recommendations to EDC (as long as the Loudoun Convention and Visitors Association remains as the primary programmatic element of Loudoun County's travel and tourism promotion).
 - c. The EDC shall review Loudoun Convention and Visitors Association recommendations, comment as necessary, and forward funding applications to the Finance/Government Services Committee.
 - d. Finance/Government Services Committee reviews and develops funding recommendations for Board of Supervisors consideration.
 - e. Board work sessions and action.

IV. Accountability

1. The Loudoun Convention and Visitors Association shall provide to the Economic Development Commission a quarterly update of how its restricted transient occupancy tax funds were spent and how these expenditures contributed to the promotion of tourism and travel in the County.
2. All groups receiving restricted transient occupancy tax funds must submit to the Economic Development Commission an annual report of how the restricted transient occupancy tax funds were spent and how it contributed to the promotion of tourism and travel in the County. This must be submitted by September 1st of the fiscal year following the fiscal year in which it was spent.